

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 1999-464-C - ORDER NO. 2000-0235  
MARCH 13, 2000

IN RE:	Application of Cardinal Communications of	)	ORDER
	South Carolina, Incorporated for a Certificate	)	GRANTING
	of Public Convenience and Necessity to	)	CERTIFICATE
	Provide Intrastate Local Exchange and	)	
	Interexchange Telecommunications Services,	)	
	for Alternative Regulation of Its	)	
	Interexchange Telecommunications Services	)	
	and for Flexible Regulation of Its Local	)	
	Exchange Service Offerings	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Cardinal Communications of South Carolina, Inc. ("Applicant" or the "Company") for authority to provide local exchange and interexchange telecommunications services within the State of South Carolina. The Company requests that the Commission regulate its local telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. In addition, the Company requests that the Commission regulate its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Application was filed pursuant to S.C. Code Ann. Sections 58-9-280 and 58-9-520 (Supp. 1999), and the Rules and Regulations of the Commission.

By letter, the Commission's Executive Director instructed the Applicant to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the

areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. The Applicant complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC").

On February 15, 2000, counsel for SCTC filed with the Commission a Stipulation in which the Applicant stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until Cardinal Communications of South Carolina provided written notice of its intent prior to the date of the intended service. The Company also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. Cardinal Communications of South Carolina agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to the Company provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on February 23, 2000, at 3:00 p.m. in the Commission's Hearing Room. The Honorable Philip Bradley, Chairman, presided. Cardinal Communications of South Carolina was represented by Weston Adams, III, Esquire. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

John Spilman, Manager Regulatory and Carrier Relations of Cardinal

Communications of South Carolina, appeared and testified in support of the Application. According to Mr. Spilman, he has several years of experience in the telecommunications industry. Upon certification from this Commission, the Company seeks to provide all forms of intrastate, long distance, and local exchange telecommunications services within the State of South Carolina. Cardinal Communications of South Carolina proposes to offer facilities-based and resold high-speed telecommunications services to its customers throughout the State of South Carolina. Furthermore, the Company requests that the Commission regulate its business services, consumer card, and operator service offerings in accordance with the principles and procedures established by Order Nos. 1995-1734 and 1996-55 in Docket No. 1995-661-C. In addition, the Company requests that the Commission allow Cardinal Communications of South Carolina to adopt the flexible rate structure for its local exchange service offerings similar to that approved by Order No. 1998-165 in Docket No. 1997-467-C.

Upon certification from this Commission, Cardinal Communications of South Carolina will offer its local exchange services to non-rural customers. The Company plans to construct its own facilities to provide facilities-based telecommunications services, and initially will focus on deploying xDSL technology to provide high-speed connections to its customers. In addition, the testimony reveals service shall be provided on a twenty-four hour per day, seven day per week basis. The managerial staff of Cardinal Communications of South Carolina consists of Mr. Earle A. MacKenzie (President), Walter M. Zirkle (Vice President and Secretary), and Donald A. Doering (Treasurer). The testimony reveals Cardinal Communications of South Carolina's senior

management team possesses extensive business, technical, operational, and regulatory telecommunications experience. The testimony also reveals Cardinal Communications of South Carolina's primary investors, including Columbia Capital, LLC and others, have committed to provide Cardinal with in excess of thirty-four million dollars to provide its telecommunications services.

Cardinal Communications of South Carolina will provide its own in-house billing services. The Company's name and customer service telephone number will appear on customers' bills. Cardinal Communications of South Carolina's customer service department is located in Charlottesville, Virginia and the customer service department is open twenty-four hours a day, seven days a week. Service interruptions are handled twenty-four hours a day by the Company's staffed network operations center. As of the date of the hearing, Cardinal Communications of South Carolina had not solidified an interconnection agreement with an incumbent local exchange carrier. However, the Company was in the process of negotiating an interconnection agreement with BellSouth concerning unbundled loops the Company plans to lease. Mr. Spilman is the person the Commission Staff should contact regarding regulatory and financial issues regarding Cardinal Communications of South Carolina.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

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**FINDINGS OF FACT**

1. Cardinal Communications of South Carolina is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Cardinal Communications of South Carolina is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.

3. Cardinal Communications of South Carolina has the managerial, technical, and financial resources to provide the services as described in its Application.

4. The Commission finds that Cardinal Communications' "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 1999).

5. The Commission finds that Cardinal Communications of South Carolina will support universally available telephone service at affordable rates.

6. The Commission finds that Cardinal Communications of South Carolina will provide services which will meet the service standards of the Commission.

7. The Commission finds that the provision of local exchange service by Cardinal Communications of South Carolina "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 1999).

**CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Cardinal Communications of South Carolina to provide competitive intrastate non-rural local

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exchange service in South Carolina. The terms of the Stipulation between Cardinal Communications of South Carolina and SCTC are approved, and adopted as a part of this Order. Any proposal to provide such service to rural service areas is subject to the terms of the Stipulation. In addition, Cardinal Communications of South Carolina is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. Cardinal Communications of South Carolina shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. Cardinal Communications of South Carolina's local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for Cardinal Communications of South Carolina's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, Cardinal Communications of South Carolina's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff

filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. The Commission adopts a rate design for the long distance services of Cardinal Communications of South Carolina which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Under the Commission approved alternative regulation, the business service offerings of Cardinal Communications of South Carolina, including consumer card services, and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to Cardinal Communications of South Carolina also.

4. With regard to the residential service offerings of Cardinal Communications of South Carolina, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. Cardinal Communications of South Carolina shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. Cardinal Communications of South Carolina shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1999).

6. If it has not already done so by the date of issuance of this Order, Cardinal Communications of South Carolina shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. Cardinal Communications of South Carolina is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.



8. With regard to the Company's resale interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. Cardinal Communications of South Carolina shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Cardinal Communications of South Carolina changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, Cardinal Communications of South Carolina shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. Cardinal Communications of South Carolina shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the

name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Cardinal Communications of South Carolina shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

13. Cardinal Communications of South Carolina shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

14. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

15. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Cardinal Communications of South Carolina to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National

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Emergency Number Association ("SC NENA") with contact information and sample

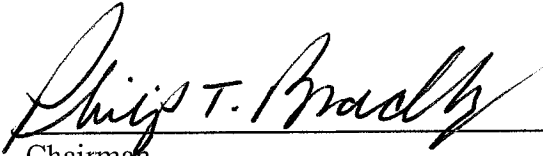
forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board.

By this Order and prior to providing services within South Carolina, Cardinal Communications of South Carolina shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

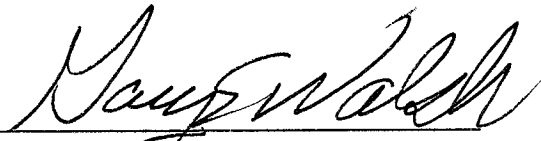
16. Cardinal Communications of South Carolina shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Cardinal Communications of South Carolina shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings.

17. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA

Docket No. 1999-464-C

Re: Application of Cardinal Communications of )  
South Carolina, Inc. for a Certificate of Public )  
Convenience and Necessity to Provide Local )  
Exchange and Long Distance Telecommunications )  
Services in the State of South Carolina )  
\_\_\_\_\_ )

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Cardinal Communications of South Carolina, Inc. ("Cardinal Communications") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Cardinal Communications' Application. SCTC and Cardinal Communications stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Cardinal Communications, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Cardinal Communications stipulates and agrees that any Certificate which may be granted will authorize Cardinal Communications to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. Cardinal Communications stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Cardinal Communications stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Cardinal Communications provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Cardinal Communications acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Cardinal Communications stipulates and agrees that, if Cardinal Communications gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Cardinal Communications will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Cardinal Communications acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Cardinal Communications, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications

to which they may be entitled. Additionally, the parties hereto stipulate and agree that this Stipulation shall have no force and effect, nor may be used for evidentiary or precedential purposes, outside of the State of South Carolina.

8. Cardinal Communications agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Cardinal Communications hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 14<sup>th</sup> day of February, 2000.

Cardinal Communications of  
South Carolina, Inc.:

Weston Adams, III

South Carolina Telephone Coalition:

Margaret M. Fox

M. John Bowen, Jr.  
Margaret M. Fox  
McNAIR LAW FIRM, P.A.  
Post Office Box 11390  
(803) 799-9800

Attorneys for the South Carolina Telephone  
Coalition

## ATTACHMENT A

### South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Bluffton Telephone Company, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Ft. Mill Telephone Company  
Hargray Telephone Company, Inc.  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company

BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF  
SOUTH CAROLINA

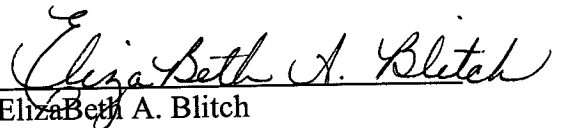
Docket No. 1999-464-C

Re: Application of Cardinal Communications of )  
South Carolina, Inc. for a Certificate of Public )  
Convenience and Necessity to Provide Local )  
Exchange and Long Distance Telecommunications )  
Services in the State of South Carolina )  
\_\_\_\_\_ )

**CERTIFICATE OF  
SERVICE**

I, ElizaBeth A. Blich, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Weston Adams, III, Esquire  
Weston Adams Law Firm  
Post Office Box 291  
Columbia, South Carolina 29202.

  
ElizaBeth A. Blich  
McNAIR LAW FIRM, P.A.  
Post Office Box 11390  
Columbia, South Carolina 29211  
(803) 799-9800

February 15, 2000

Columbia, South Carolina



DOCKET NO. 1999-464-C- ORDER NO. 2000-0235  
MARCH 13, 2000  
ATTACHMENT A

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S**

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
FEI NO.

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
CITY, STATE, ZIP CODE

\_\_\_\_\_  
PHONE NUMBER

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR  
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

\* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN  
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF  
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING  
\_\_\_\_\_

\* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT  
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS  
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3  
ABOVE).

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (PLEASE TYPE OF PRINT)

\_\_\_\_\_  
TITLE

## AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

\_\_\_\_\_  
Company Name ( Including dba Name(s) or Acronyms used or to be used in South Carolina)

\_\_\_\_\_  
Business Address

\_\_\_\_\_  
City, State, Zip Code

A.

\_\_\_\_\_  
General Manager Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

B.

\_\_\_\_\_  
Customer Relations (Complaints) Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

C.

\_\_\_\_\_  
Engineering Operations Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

D.

\_\_\_\_\_  
Test and Repair Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

E.

\_\_\_\_\_  
Contact for Emergencies During Non-Office Hours (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

F.

\_\_\_\_\_  
Financial Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

G.

\_\_\_\_\_  
Customer Contact Telephone Number for Company (Toll Free)

\_\_\_\_\_  
This form was completed by

\_\_\_\_\_  
Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)  
or Utilities Department at (803-896-5105).**